

Treasury Notes

the newsletter of the
Indiana Treasurer of State
Richard Mourdock

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The 2010 fiscal year for the state ended on June 30 and the financial books were “officially” closed on July 16th.

Indiana remains the envy of other states because we still have money in the bank, and our payment of bills has remained on schedule. Unlike our neighboring states that are deferring their obligations, we’ve continued to function in a businesslike and sound manner. Through the efforts of many, the state still has \$830 million in General Fund reserves.

How did the State of Indiana makeup for the lack of revenues that were budgeted for but never materialized? Indiana’s leaders acted as all fiduciaries should act: responsibly! Difficult choices were made, and we faced the situation head-on and determined to do the jobs that we were elected to do.

The Treasurer of State’s Office returned over 13% of its budget back to the state’s General Fund. I am proud of my staff for their hard work in such difficult times. They kept the interest of the taxpayers first!

The closing of the books on a difficult financial year, however, means very little toward the future and there remains many tough economic days ahead for Hoosiers. We hear much about the “new normal” in which the stock market’s annual growth may be no more than 5%, and the pace of bankruptcies remains unabated. Many forecasters expect to see unemployment rates continue to be in the range of 8% to 10%. If our federal deficit continues to grow at its present pace, we could have darker times ahead.

The absolute truth of course is that no one has a crystal ball to accurately forecast the future. If we take the time to study the lessons of history, then it is easy to discern that nations that steadily increase taxes on businesses, (the United States now has the 2nd highest corporate tax rates in the world), spend more taxes than they collect as revenues, (this year our national deficit is \$1.2 trillion), and import more than they export they are doomed to economic collapse. A scary thought but it is a clear history lesson to individuals who take the time to study it.

In the Treasurer of State’s Office, the next fiscal year will see an increased focus on investing with the first priority being the preservation of capital. It is SAFETY of funds, not yield that is our first concern. An old line from the cowboy comedian Will Rogers, who survived the Great Depression, was, “I am not so much concerned about the return on my money as the return of my money.” Keep those words in mind as you manage your funds and the funds of others.

Despite all that is occurring, most financial experts see the United States as the safest place to invest their funds. U.S. Treasury bills remain the target of investment when the “flight to quality” occurs. The economies of the world are all floating as damaged ships on troubled financial waters. Our ship has been ravaged by the storm too, and, as battered as it is, it remains afloat and is a refuge for others.

As always, you can contact us at www.in.gov/tos or 317-232-6387 if you have questions or in need of assistance from me or my office.

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Treasurer of State's Office Remits 13.1% of Its 2010 Fiscal Year Budget Back to State of Indiana

At the end of the state's 2010 fiscal year, June 30, the Indiana Treasurer of States Office's returned \$113,736.71, or 13.1%, of its budget, appropriated by the Indiana General Assembly, back to Indiana's General Fund.

"Just as the previous fiscal year, I am returning over 11% of my office's budget back to the State of Indiana, which saves Hoosier tax dollars. I continue to have one of the smallest offices, therefore one of the smallest budgets approved by the Indiana General Assembly, but it is critically important in these economic conditions to continue to cut spending wherever possible," stated Treasurer Mourdock.



Indiana Employee Stock Ownership Plan (ESOP) Initiative Sees Substantial Growth in 2010!

The Indiana ESOP Initiative (IEI), which is within the Indiana Treasurer of State's Office, saw substantial growth in the third and fourth quarter of the state's 2010 fiscal year with the increased use of the IEI's Linked-Deposit Program.

"I am very pleased that Indiana companies, headed by the original owners, are beginning to explore and inquire about the ESOP option, which allows their employees to participate in the future growth and success of their organizations. It has been proven that ESOP, employee-owned, companies have a track record of creating wealth for its employees, encouraging entrepreneurial spirits, and increasing companies' productivity overall all," explained Treasurer Mourdock.

The following companies took advantage of IEI's Linked-Deposit Program in the third and fourth quarter of the 2010 fiscal year: *HIS Constructors*, Indianapolis, IN; *Software Engineering Professionals*, Carmel, IN; *Kocolene Development Corp.*, Seymour, IN; and *IDI Fabrications*, Noblesville, IN. Since being created, the IEI has assisted over 900 Hoosier employees become owners in their respective companies.

The IEI was created by Indiana State Treasurer Richard Mourdock in May of 2008 as a way to encourage more Indiana businesses to become ESOP, employee-owned, companies, which mean more companies staying within the state's borders.

For more information about the IEI and its Linked-Deposit Program, please visit <http://www.in.gov/tos/2343.htm>

Bank On INdiana conducts a one day statewide "train-the-trainer" session for over 200 Hoosiers

In late June, the Bank On INdiana Steering Committee, which the Indiana Treasurer of State's Office is a member of, conducted a statewide, one day "train-the-trainer" course for Hoosiers employed by financial institutions and not-for-profit agencies.



The training course's goal was twofold. First, to raise awareness of the need for more local Bank On programs in communities throughout the entire State of Indiana. Second, to encourage and provide additional education on how to discuss financial literacy with Hoosiers that don't have checking or savings accounts," said Treasurer Mourdock.

According to a study done by the PEWs Charitable Trusts, there are approximately 215,000 Hoosier households that are "unbanked", individuals who don't take advantage of the services offered by their local banks or credit unions. The vast majority of unbanked individuals are employed either full-time or part-time, but unfortunately they average roughly \$1,100 a year in check-cashing fees.

For additional information about Bank On INdiana and/or to contact the members of its steering committee, please visit <http://www.bankonindiana.com/>